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STATEMENT TO THE LEGISLATURE

BY

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TREASURER OF ONTARIO AND MINISTER OF ECONOMICS

ON

THE ECONOMIC OUTLOOK

OCTOBER 15, 1992



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Thank you, Mr. Speaker.

Mr. Speaker, I am today releasing the Economic Outlook document which outlines the state of our Province's economy.

Events in recent weeks in Canadian and international financial markets highlight the uncertainty we face in attempting to predict and manage the economy. Despite this uncertainty, we have a responsibility to provide our best understanding of the outlook for the economy and of the policies needed to support recovery. That is the aim of this document.

The Outlook document shows that while there has been some growth in the Ontario economy, that growth has been quite moderate compared to past recoveries.

The Economic Outlook's figures are testimony to the depth of the restructuring that is taking place in the Ontario economy. The economy has grown 2.7% compared to the 8.3% in the first five quarters following the last recession. Unemployment will decline painfully slowly. Growth in employment will resume only in the fourth quarter of this year, and in 1993 we expect that some 100,000 jobs will be created.

The economic figures also mean a continuing financial challenge for our Province. Revenues will recover only slowly. At the same time, our population continues to need increased government services such as training, social assistance, education and health care.

In our April Budget, we forecast a \$9.9 billion deficit for the current fiscal year. While slower than expected nominal economic growth will reduce our revenues this year, we remain committed to achieving the Budget deficit target.

We believe that government leadership is an important ingredient in helping the economy reach its full potential. And I am confident that with the economic initiatives undertaken by our government, working in partnership with the Province's adaptable and highly-skilled workforce and its dynamic business community, Ontario can build a strong foundation for a sustainable recovery.

Times are still very tough for a lot of people. It is precisely for this reason that it is imperative that we continue to move forward with our economic agenda. And that is why I would also like to take this opportunity to report briefly on some of the highlights of our economic plan -- those that relate to jobs.

Major macro economic levers -- trade policy, monetary policy, interest rate levels - lie with the federal government. However, even though a provincial government cannot solve every problem, it does control some important economic levers -- and has an obligation to use them.

In our Budget last spring, we made a substantial commitment to jobs initiatives which will support some 90,000 jobs in 1992-1993.

In June, I announced that various ministries would be investing \$360 million this fiscal year under **jobsOntarioCapital**. The monies are part of a five-year \$2.3 billion fund designed to invest in strategic economic infrastructure. With the remainder of this year's \$1/2 billion allocated from **jobsOntarioCapital**, it is expected that a total of 9,800 jobs will be created.

Our \$3.4 billion investment in base capital will support a further 67,000 jobs this year.

The **jobsOntarioHomes** Fund will support \$2.1 billion in construction, creating 20,000 additional units of much-needed affordable housing. As the program gears up in the coming years, it will support some 30,000 jobs.

This summer, in response to the needs of our young people, our government created the **jobsOntarioYouth** Fund, which quickly and successfully created 8,800 summer jobs for young people.

Another initiative, the **jobsOntarioTraining** Fund, has commissioned dozens of training brokers serving communities in every corner of this Province. Some \$1.1 billion in funding will be flowing over three years through these community brokers to employers who in turn will train and employ the long-term unemployed and those on social assistance while providing training credits for an employer's current workforce.

Over the next three years, this program alone will support 100,000 jobs, 10,800 of them this year, the program's start-up year.

Our government is also funding programs to help older displaced workers. We operate Ontario Help Centres in 18 major communities and we will soon establish the Ontario Training and Adjustment Board.

In our Budget, we announced a total of \$930 million for training and adjustment programs, the largest commitment in the history of the Province.

In addition to jobs and training measures, our government has taken steps to encourage investment, which will also help job creation. The \$150 million Sector Partnership Fund and the Ontario Investment and Worker Ownership Program are examples of our government's investment initiatives.

Our government is creating and supporting jobs today. And in each case we are doing that with a careful eye to the future and on what government can reasonably do.

We have come through some difficult times and still face some challenges. But we also have a wealth of assets to help us deal with these challenges. We have one of the highest standards of living in the world, a highly-skilled workforce, and abundant natural resources. Our culture is diverse, our infrastructure modern.

Ontario has faced economic changes more than once in its history. It has made the transition to a highly industrialized economy based on exports. This transition was accompanied by dislocation and often hardship. But Ontario made it successfully.

The current challenge facing the economy is to increase its orientation to high skilled, high value added activities in all sectors of the economy. Business services and knowledge intensive industries based on technology and skills will supply about 40% of our employment growth over the next two years, reflecting the shift in the structure of our economy. With government playing a role as an active partner, I am confident that Ontario can again make this latest transition successfully, while easing much of the hardship and dislocation through job support initiatives and through the safety net created by our continuing commitment to social programs.

There will be many challenges ahead. And Ontario is well equipped to deal with them. We have also got a head start on many other countries. The Economic Outlook also points out that our economy is forecast to grow at 3.5% a year over the 1992-1996 period, a stronger pace than any industrialized country. If we work together as partners, I believe Ontarians can continue to enjoy the prosperous and fair society for which they have worked so hard.

The publication of this Economic Outlook marks the beginning of Budget preparations, and will be part of our pre-Budget consultations to come. I have asked that it be sent to the Standing Committee on Finance and Economic Affairs so that my colleagues will have the opportunity of discussing it in detail.

Thank you.

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